SHRI RAVI SHANKAR PRASAD: But it is a Government notification.

SHRI P. CHIDAMBARAM: Just a moment, I am answering; take it in that spirit. When you said 'you', I said I didn't issue any notification. This notification, banning export of pulses, was issued by DGFT which falls under the Ministry of Commerce. *(Interruptions)* There is a paragraph in the Foreign Trade Policy which allows pre-ban LCs to be honoured, unless a specific notification to the contrary is made. You have got the dates; I think we have answered an Unstarred Question today. The second notification prohibiting even the pre-ban LCs was issued later. During that period between the first notification and the second, some people have exported pulses and it is suspected that there could be three cases where they have altered the date of the LC. The matter was immediately taken up for investigation. In fact, it was first investigated by the DRI falling under the Department of Customs. We provide the information. The matter has now been referred to the CBI. There is a CBI investigation going on. If I remember aright, there is an Unstarred Question today on this subject which gives all the details. *(Interruptions)*

SHRIMATI S. G. INDIRA: Sir, it is reported that one of the reasons for the slow growth of scheduled banks in the large amount of non-performing assets that these banks have. It is true that the banks have taken several measures to reduce the NPA level, but these banks are unable to restrict the NPAs and the defaulters are not coming forward to settle their accounts. So, I would like to know from the hon. Minister whether any guidelines have been issued to the scheduled banks to expedite the recovery of the NPAs.

SHRI P. CHIDAMBARAM: With great respect to the hon. Member, this question does not relate to the NPAs of banks. But let me assure her that the NPAs of the public sector banks, as on 31st march, 2007 have been the lowest ever and instructions have been issued, both by the RBI and the Government, that they should lower it even further. But the lowest ever net NPA was achieved on 31st March, 2007.

Adequate Infrastructural facilities to attract FDI

*463. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are providing adequate infrastructural facilities to the companies to attract more FDI;

(b) if so, the details thereof during the last three years;

(c) whether Government have identified some countries in their list to attract more FDI;

(d) if so, the details thereof; and

(e) the developmental projects undertaken with this amount during the last three years especially in Andhra Pradesh?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (e) Statement is laid on the Table of the House.

Statement

(a) and (b) Government reviews the Foreign Direct Investment (FDI) policy on a continuous basis and most sectors have now been put under automatic route. Government have also been taking initiatives for providing infrastructural facilities to improve the investment climate both for domestic as well as for foreign investors. It has been estimated that an investment of Rs. 14,50,000 crore or about US$320 billion would be required in the infrastructure sector during the Eleventh Five Year Plan. These investments are to be achieved through a combination of public investment, Public-Private-Partnerships (PPPs) and exclusive private investments, wherever feasible. In some of the key sectors the estimated requirement are: Rs. 2,20,000 crore for modernization and upgradation of highways; Rs. 40,000 crore for civil aviation; Rs. 50,000 crore for ports; and Rs. 3,00,000 crore (of which 40 per cent is expected to come from the private sector through PPP) for the Railways.

(c) No, Sir.

(d) Does not arise in view of (c) above.

(e) No specific amount has been earmarked solely for the purpose of attracting FDI. Andhra Pradesh has received FDI inflows of Rs. 5281.35 Crores (US $1163.2 million) during the period January, 2000 to January, 2007.

SHRI RAVULA CHANDRA SEKAR REDDY: A recent survey shows that countries like Singapore, Hong Kong and Japan are in the forefront of receiving the FDI, whereas our country stands at the lowest level, and the

main reason is the lack of infrastructural facilities. I would like to know from the hon. Finance Minister, since his answer says it requires Rs. 14,50,000 crores to improve the infrastructure and that he is going in for private-public participation, the sectors that have been identified during the UPA regime of these three years and the amount of FDI received during these three years.

SHRI P. CHIDAMBARAM: Sir, I have given in my answer the main sectors of infrastructure which require massive capital investment. These are highways, civil aviation, ports and railways besides, of course, power and telecom which are the key sectors where massive investment is required, I agree that it is the infrastructural inadequacy which is hurting the growth but, in a sense, the demand for infrastructure has exceeded our capacity to provide the infrastructure. Growth in infrastructure sectors has not kept pace with the growth in the real economy. You will find that in congestion in the airports, congestion in ports, congestion on our main highways. The growth of the economy has exceeded the growth of the infrastructure sectors. Therefore, it is important that we attract massive investment into infrastructure. This can be public investment, public-private partnership investment and private investment. In each sector a different model is the lead investor model, but we are confident that in the current plan period which began on the 1st of April, 2007, we would be able to ensure that US $320 worth of investment flows into these sectors.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, my second supplementary is regarding the State of Andhra Pradesh. Sir, Andhra Pradesh has received only a meagre amount of Rs. 5200 crores during the past seven years. What is the programme of the Government of India in improving infrastructure in Andhra Pradesh so as to attract more FDI in that State?

SHRI P. CHIDAMBARAM: Sir, I must clarify this number. The number we give is, the amount of Foreign Direct Investment which is recorded in the Regional Office of the RBI in that State or in that region. For example, in Andhra Pradesh, there is a Regional Office in Hyderabad which covers the whole of Andhra Pradesh and covers no part of any other State. Therefore, one assumes that the entire FDI registered in Hyderabad is for investment in Andhra Pradesh. But, I may hasten to add this could be completely wrong. For example, if a company has its headquarters in Mumbai and gets the investment in the Mumbai Regional Office, the investment could

take place in Jamshedpur, it could take place elsewhere. So, there is no way we can accurately capture the investment in every State. Therefore, I asked them, 'do not State capture the FDI'? Apparently, the States also do not have a foolproof system by which they capture the FDI which actually goes into that State. There is no such information either from Andhra Pradesh or from Karnataka. They make estimates in terms of which is the investment. So, I think this Rs. 5,281 crores may be taken as in indicator; it could be more, it could be less. But my guess is, given some major projects are located in Andhra Pradesh, it is likely to be more than Rs. 5,281 crores.

PROF. P.J. KURIEN: Sir, the Government's effort to attract maximum FDI in infrastructure sector is welcome. Eyerybody welcomes that. But, the hon. Minister in the first sentence of his answer says, "The Government reviews the Foreign Direct Investment Policy on a continuous basis and most sectors have now been put under automatic route." What are these 'most sectors'? Does it include service sector? If it includes service sector, what are the details? Are the Government and the hon. Minister aware of the widespread opposition to the FDI in the retail sector? If he is aware, then, what is the reaction of his Ministry on this subject?

SHRI P. CHIDAMBARAM: Sir, the Policy on the Foreign Direct Investment is put out on the website of the Department of Industry. Each sector is given, the FDI cap, if any, is given and the entry route whether it is automatic or FIPB is given. Based on that, my answer is that most sectors are an the automatic route. Where there are sectoral caps or there are any other restrictions, investment in that sector has to go through the FIPB. I am willing to send to my hon. friend a hard copy of this Policy, if he wishes. But, it is available on the website. The hard copy is also available. It is also available as a publication of the Department of Industrial Policy and Promotion.

On retail, Sir, the Ministry of Finance does not have to take a view, the Government has to take a view. At the moment, the Government's policy is that FDI is allowed in cash and carry, it is allowed in wholesale and it is allowed in single brand retail. There is no Government decision allowing FDI in retail.

SHRI SU. THIRUNAVUKKARASAR: Sir, the hon. Minister in his reply has stated that the required estimated investment in the infrastructure

sector will be Rs. 14,50,000 crore. But, there is no mention of actual investment which has been received. I want to know from the hon. Minister what is the FDI received in the past five years, year-wise break-up, and what is the FDI received in Tamil Nadu and Madhya Pradesh? Why is India lagging behind China and Japan in receiving FDI? Is it because of the inadequate infrastructure facilities or delay in Governmental decisions? What are the reasons of lesser investments in India as compared to China and Japan?

SHRI P. CHIDAMBARAM: Sir, FDI policies of different countries are different. Japan's FDI policy, China's FDI policy is indeed very different from India's FDI policy. For example, in China, the FDI policy is driven by virtually an open door policy if it is export-oriented and a rather, restricted policy if it is for domestic consumption. China's FDI policy attracts to China on an average of about 60 billion dollars a year. Some of it, I am told, is attributed to round-tripping; even so, China continues to attract very large amount of foreign direct investment. That is the function of China's policy.

We have our own policy. In our earlier policy, we were attracting modest levels of FDI. In 2005-06, the inflow of FDI went up to 5.5 billion dollars; in 2006-07, including one case where there was a swap, it is estimated to have been about 19 billion dollars, including retained earnings. If you discount reinvested earnings, it is about 16 billion dollars. And, if you also remove that one swap case, it is still about 13 billion dollars. So, for the first time in 2006-07, India attracted FDI in excess of 10 billion dollars. Our requirements are very large, and we need to attract FDI. At the same time, we also need to promote domestic investment. The Government's policy is designed to promote domestic investment as well as FDI subject to the extent of FDI policy. FDI policy requires to be revisited, I have said, the FDI policy is reviewed from time to time and changes are made. But, at the moment, there are sectoral caps in some sectors.

SHRI SU. THIRUNAVUKKARASAR: Sir, I asked about Tamil Nadu and Madhya Pradesh.

SHRI P. CHIDAMBARAM: Sir, the answer I gave to Andhra Pradesh also applies to Tamil Nadu. As far as Tamil Nadu is concerned, if you take the Chennai regional office of the RBI, the amount of FDI inflow is equivalent to Rs. 10,690 crores between January, 2000 and January, 2007. Now, if

you want to take Madhya Pradesh, the regional office is in Bhopal, which covers both Madhya Pradesh and Chhattisgarh; the FDI flow during this period in the Bhopal office is Rs. 238 crores.

SHRI B.J. PANDA: Sir, the hon. Minister has stated that our investment in infrastructure has not kept pace with the growth of our GDP. Therefore, these figures are less relevant as figures themselves and more relevant as to what percentage of the GDP they constitute—the investment in infrastructure as a percentage in GDP. Sir, it has been widely reported that India investment in infrastructure as a percentage of GDP is far less than other comparable countries such as China. Would the Hon. Minister give us some information as to where we stand *vis-a-vis* China and what the projections are as a percentage of GDP for the coming years?

SHRI P. CHIDAMBARAM: Sir, the Investment Commission which was appointed by the Government has estimated that for sustaining a high growth rate, we would require an investment of approximately 28 per cent to 32 per cent of GDP. But, as hon. Members are aware, we have already achieved an investment level of nearly 33.8 per cent of the GDP in 2005-06. Sir the investment required to sustain a growth rate of about 8 per cent is already taking place. Now, of course, this FDI constitutes a very small proportion. If you take trillion-dollar GDP, what we are projecting is 320 billion over a period of five years. That represents a small proportion of our GDP. The point is that the FDI in sectors where we allow FDI, it brings in new technology, brings in additional investment, brings in new products and brings us the opportunity to enter new markets and which is why we invite FDI. But in terms of investment as a proportion of GDP, our investment ratio has improved in the last three to four years. I believe in 2006-07 also, going by figures available from various sources, the investment to GDP ratio will be close to 35 per cent. That level of investment is good enough to sustain the current rate of growth. But if we want to increase the rate of growth, we need more investment and some part of that investment has to indeed come from foreign sources.

Dependence on oil imports

*464. SHRI DARA SINGH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that India is the third largest oil consuming